

Report to: **Audit Committee**

Date: **20th June 2017**

Title: **Annual Governance Statement 2016-17**

Portfolio Area: **Support Services – Cllr C Edmonds**

Wards Affected: **All**

Relevant Scrutiny Committee: **Overview and Scrutiny Committee (Internal)**

Urgent Decision: **N** Approval and clearance obtained: **Y**

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Recommendations:

It is recommended that:

1. The processes adopted for the production of the 2016/17 Annual Governance Statement are noted
2. The adequacy and effectiveness of the system of internal audit is endorsed
3. Members consider the draft Annual Governance Statement (AGS) for 2016/17 and the supporting evidence provided by this report and that the AGS is approved prior to the signature by the Leader and Executive Director (Strategy & Commissioning).

1. Executive summary

- 1.1 The Accounts and Audit (England) Regulations 2015 requires all relevant bodies to prepare an Annual Governance Statement (AGS).
- 1.2 The purpose of the AGS is to provide evidence of a continuous review of the Council's internal control and risk management processes, to provide assurance as to their effectiveness and to identify actions being taken or planned to address any key weaknesses identified.

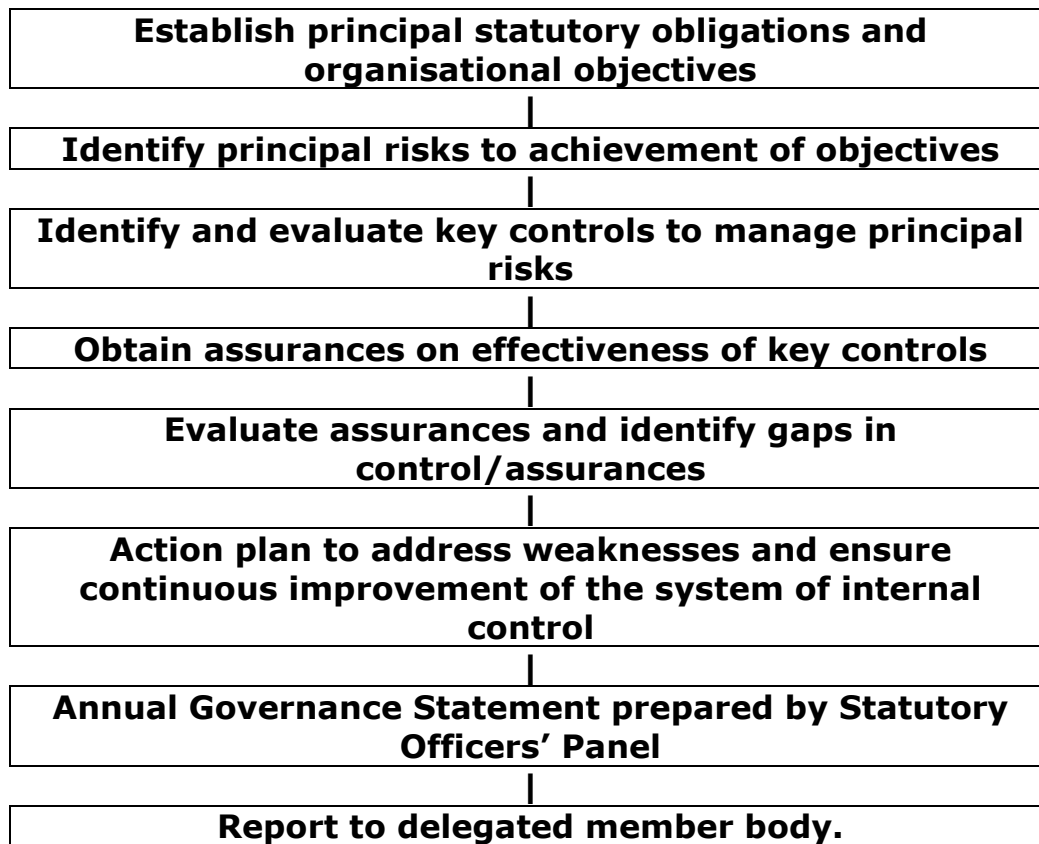
2. Background

- 2.1 The Accounts and Audit (Amendment) (England) Regulations 2006 also introduced a requirement to include an annual review of the effectiveness of the internal audit system.
- 2.2 The Code of Practice on Local Authority Accounting also requires that, within the AGS, there should be a statement on whether the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.
- 2.3 Maintaining sound systems of internal control and risk management enables the council to monitor and review the key risks that may prevent it from achieving its corporate and service objectives.

3. Outcomes/outputs

- 3.1 The purpose of the AGS process is to provide a continuous review of the effectiveness of an organisation's internal control and risk management, in order to give assurance as to their effectiveness and/or to produce a management action plan to address identified weaknesses in either process.

3.2 The diagram sets out the key stages for the review of governance internal control and the AGS assurance gathering process as follows:



4. Options available and consideration of risk

4.1 The purpose of the AGS is to provide evidence of a continuous review of the Council's internal control and risk management processes, to provide assurance as to their effectiveness and to identify actions being taken or planned to address any key weaknesses identified.

4.2 Continuous review of the effectiveness of the Council's internal audit system is conducted by the Audit Committee whose terms of reference include, specifically, inter alia:

- To agree the annual Internal Audit Plan
- To monitor the progress and performance of Internal Audit
- To consider the Head of the Devon Audit Partnership's annual report, and comment annually on the adequacy and effectiveness of internal control systems within the Council

5. Proposed Way Forward

5.1 The Annual Governance Statement (AGS) sets out any significant governance issues identified and progress made against these.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>The Accounts and Audit (England) Regulations 2015 requires all relevant bodies to prepare an Annual Governance Statement.</p> <p>There is also a requirement under the Accounts and Audit (Amendment) (England) Regulations 2006 for the AGS to include a review of the effectiveness of the internal audit system.</p> <p>The Audit Committee has delegated powers to approve the Annual Governance Statement on behalf of the Council.</p>
Financial		There are no direct financial implications arising directly from this report.
Risk		<p>The statutory responsibility to publish an Annual Governance Statement requires the Council to review its key risks, and to identify and publish the actions that it intends taking to improve or resolve those risks.</p> <p>These risks primarily relate to the achievement of the Council's core objectives and strategies and, therefore, the AGS provides an opportunity to formally review governance structures and processes that underpin their delivery.</p>

Comprehensive Impact Assessment Implications		
Equality and Diversity		There are no specific issues arising from this report.
Safeguarding		There are no specific issues arising from the report.
Community Safety, Crime and Disorder		There are no specific issues arising from the report.
Health, Safety and Wellbeing		There are no specific issues arising from the report.
Other implications		None identified.

Supporting Information

Background Papers:

Annual Governance Statement 2016/17

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	N/A

ANNUAL GOVERNANCE STATEMENT FRAMEWORK

